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BYLAWS
OF
KANSAS HEALTH POLICY AUTHORITY

ARTICLE I. KANSAS HEALTH POLICY AUTHORITY BOARD

SECTION 1. General. The property, affairs and operations of the Kansas Health Policy Authority (the "Authority") shall be managed by its governing body which shall be known as the Board. The Board shall have and is invested with the powers and authorities, stated in K.S.A. 75-7404 et seq, to supervise, control, direct and manage the operations, property, affairs and activities of the Authority, determine the policies of the Authority, to do or cause to be done any and all lawful things for and on behalf of the Authority, to exercise or cause to be exercised any or all of its powers, privileges or franchises, and to seek the effectuation of its objects and purposes; provided, however, that (1) the Board shall not authorize or commit the Authority to engage in any activity not permitted to be transacted by the K.S.A. 75-7404 et seq; (2) none of the powers of the Authority shall be exercised to carry on activities, which are not in themselves in furtherance of the purposes of the Authority. Neither the Authority nor the Board shall participate in or intervene (including the publication or distribution of statements) in any political campaign on behalf of any candidate for public office; provided that nothing herein shall limit the ability of Board members to participate in political activity, in their individual capacity not as a Board member. No part of the assets of the Authority shall inure to the benefit of any private person having, directly or indirectly, a personal or private interest in the activities of the Authority.

SECTION 2. Board Composition. The Board shall be composed of nine (9) voting members and seven (7) nonvoting, ex officio members appointed in accordance with K.S.A. 75-7401, and those persons shall serve tenures as provided in that statute. As used in these Bylaws the term "Board Member" shall refer to all the members of the Board both voting and nonvoting. When an action is to be taken it is understood to require action of the voting Board Members.

SECTION 3. Surrogate Representation of Ex Officio Board Members. Each of the ex officio members of the Board, who serve with voice but no vote, shall be and are hereby authorized to designate a person he or she believes to be qualified to represent the views of that ex officio Board Member at any meeting of the Board. The representative so designated shall be confirmed by written

communication from the ex officio Board Member to the Board Chair and the Executive Director. The person so designated may attend the Board meeting(s), participate in discussion of any issue considered by the Board and express the views of the ex officio Board Member with respect to any question under consideration by the Board but shall have no authority to move, second or vote upon any question. The ex officio's position to which this provision applies are as follows:

- i) Director of Health of the Department of Health;
- ii) Secretary of Health and Environment;
- iii) Secretary of Social and Rehabilitation Services;
- iv) Commissioner of Insurance;
- v) Secretary of Administration;
- vi) Secretary of Aging; and
- vii) Executive Director of Authority.

SECTION 4.3: Regular Meetings. The Board may provide, by resolution, the time and place for the holding of regular meetings of the Board.

SECTION 5.4: Special Meetings. Special meetings of the Board may be called by or at the request of the Chair or at least four (4) of the voting Board Members. The persons authorized to call a special meeting of the Board may fix the time and place for holding the special meeting.

SECTION 6.5: Notice. Notice of each regular meeting and any special meeting shall be given at least seven (7) days before the meeting by written notice delivered by mail or other substantially equivalent commercial delivery system, to each of the Board Members at the address provided by the Board Member, or by fax/email; postage or other delivery charges shall be paid in advance. Such notice shall be deemed to be delivered when deposited in the United States mail, or with a comparable commercial delivery system, postage or delivery charges thereon prepaid. If notice is given by fax or email, notice shall be deemed delivered when the fax or email is sent provided receipt is confirmed. Any Board member may waive notice of any meeting. The attendance of a Board Member at a meeting shall constitute a waiver of notice of that meeting, except where a Board member attends the meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. The Secretary shall cause notice of each regular or special meeting to be given to those who have requested or are

otherwise entitled to such notice under the Kansas Open Meetings Acts (KOMA) or other applicable law.

SECTION 7.6: Quorum. A majority of the number of voting Board Members shall constitute a quorum for the transaction of business at any meeting of the Board, but if less than a majority is present at a meeting, those present shall adjourn the meeting until a time certain and shall cause notice of such adjourned meeting to be sent to all Board Members.

SECTION 8.7: Manner of Acting. The act of a majority of the voting Board Members present at a meeting at which a quorum is present shall be the act of the Board.

~~SECTION 9.8: Meeting by Conference Call. Meetings of the Board may be held by telephone conference call provided that notice is given and published pursuant to the requirements of the Kansas Open Meetings Act (KOMA) and provision shall be made for any persons requesting the ability to "observe" the conference call meeting by phone is accommodated.~~

SECTION 10.9: Vacancies. Any vacancy occurring on the Board by reason of the death, incapacity, resignation or removal of a Board Member shall be filled as provided in K.S.A. 75-7401.

SECTION 11.10: Presumption of Assent. A Board Member who is present at a Board meeting, at which action on any matter is taken, shall be presumed to have assented to the action taken unless the Board Member shall, (i) vote against the matter; (ii) cause a dissent to be entered in the minutes of the meeting; (iii) abstain or; (iv) file a written dissent to such action with the person acting as the Secretary of the meeting before the adjournment thereof. The right to dissent shall not apply to a Board Member who voted in favor of the action.

SECTION 12.11: Conflict of Interest. The Board shall adopt a policy with respect to conflicts of interest involving persons who are appointed to serve on the Board of this Authority. The policy shall be reviewed periodically by the Board and may be modified from time to time. The policy may also include requirements with respect to managerial employees of this Authority to the extent deemed appropriate by the Board.

ARTICLE II. OFFICERS

SECTION 1. Number. The Officers of this Board shall be a Chairperson, Vice Chairperson, and a Secretary. Other officers and assistant officers, if necessary, may be elected by the Board.

SECTION 2. Election and Term of Office. The Officers of the Authority shall be elected annually by the Board at the first meeting of the Board held after July 1 of each year for a term of one year. The Governance and Nominating Committee established under Article III, Section 1(c), below shall present nominees for each of the offices prior to the meeting at which the election of officers is to be held. If the election of Officers shall not be held at that meeting, an election shall be held as soon thereafter as is convenient. Each Officer shall hold office until a successor shall have been duly elected and shall have qualified or until the death, resignation or removal of the Officer. [a person may be reelected to a specific office for up to three terms.]

SECTION 3. Removal. Any Officer may be removed by majority vote of the other members of the Board whenever in their judgment the best interests of the Authority will be served thereby, but removal shall be without prejudice to the contract rights, if any, of the person so removed. Election or appointment of an Officer or agent shall not of itself create contract rights.

SECTION 4. Vacancies. Any vacancy in any office because of death, resignation, removal, disqualification or otherwise, may be filled by the Board for the unexpired portion of the term.

SECTION 5. Chairperson. The Chairperson shall preside at all meetings of the Board. The Chairperson shall possess the power to sign all certificates, contracts and other instruments which may be authorized by the Board, unless delegated by the Board to the Executive Director.

SECTION 6. Vice Chairperson. In the absence of the Chairperson, or in the event of the Chairperson's inability or refusal to act, the Vice Chairperson shall perform the duties of the Chairperson, and when so acting, shall have all the powers of and be subject to all the restrictions upon the Chairperson. The Vice Chairperson shall perform such other duties as from time to time may be assigned by the Chairperson of the Board.

SECTION 7. Secretary. The Secretary shall: (a) cause the minutes of the proceedings of the Board to be prepared and maintained; (b) see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law; (c) be custodian of the records of the Board; (d) keep a register of the post office address of each Board Member which shall be furnished to the Secretary by the Board Member; (f) have general charge of the books and records of the Authority; and (g) in general perform all duties incident to the office of Secretary and other duties from time to time assigned by the Chairperson or by the Board.

ARTICLE III. STANDING COMMITTEES

D SECTION 1. Standing Committees. There shall be {four} standing committees of the Board as follows:

(a) Finance and Audit Committee. This committee shall work with the Executive Director in the development of an annual budget for the Authority to be presented for review and approval by the Board. The Committee shall also review the results of operations for each year after the close of the fiscal year and report its findings, conclusions and recommendations to the full Board.

(b) Human Capital and Compensation. This committee shall meet with the Executive Director and the Deputy Executive Director from time to time to review personnel policies and measures for personnel performance, and to the extent deemed necessary consult the Executive Director on human resource issues.

(c) Governance and Nominating Committee. This committee shall periodically review the bylaws and statutes governing the Authority including the Board committee structure and recommend proposed amendments to the statutes and the Bylaws, from time to time, if and to the extent deemed necessary by the committee. The committee shall also nominate a slate of officers for the Board, to include the Board Chair, Vice-chair, and Secretary. The Nominating Committee shall be comprised of three (3) members of the Board, one each nominated by the Governor, the House, and the Senate.

(d) Executive Committee. Executive committee shall be comprised of the Chair, the Vice Chair and the Secretary. Executive committee is authorized to take those actions it deems necessary between meetings of the Board and to report those actions to the Board at the next meeting subject to ratification of those actions by the Board.

Section 2. Committee Composition and Process. Each standing committee shall be composed of three persons who shall be Members of the Board, appointed by the Board Chair subject to approval by the Board. At the discretion of the Board Chairperson or at the request of the Committee Chair, additional persons who are not members of the Board may be called upon to meet with Committee to provide consultation-services, analysis and recommendations with respect to specific issues which are to be addressed by the committee. All committee actions are to be decided

by majority vote of the committee members and shall take the form of recommendations to the Board for final action, [unless a specific question has been delegated to a standing committee by the Board with authority to decide the question and implement the decision.]

SECTION 3.2: Maintenance of Records. Each standing committee shall keep regular minutes of its meetings and provide copies of those minutes to all members of the Board.

SECTION 4.3: Ad Hoc Committees. The Board may from time to time establish such Ad Hoc committees, for specific and limited purposes, as it may deem necessary or in the best interest of this Authority. Size and purpose for each committee shall be determined by the Board upon recommendation of the Board Chairperson. The chair and members of each Ad Hoc committee shall be appointed by the Board Chair subject to Board approval.

[ARTICLE ____ INDEMNIFICATION OF BOARD MEMBERS AND BOARD OFFICERS]

ARTICLE IV. WAIVER OF NOTICE

Unless otherwise provided by law, whenever any notice is required to be given to a Board member by the Authority under the provisions of these Bylaws a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

ARTICLE V. AMENDMENTS

These Bylaws may be altered, amended or repealed and new Bylaws may be adopted by the Board at any regular or special meeting of the Board provided that twenty (20) days written notice of the proposed amendment shall be given to each of the members of the Board prior to any regular or special meeting of the Board at which the proposed amendment is to be considered and acted upon. Each of the Board Members and may waive any and all notices with respect to any proposed amendment by waiver of notice in writing complying with the laws of the state of Kansas and the provisions of Article IV above.

CERTIFICATE OF SECRETARY

I, the undersigned, the duly elected and acting Secretary of the Kansas Health Policy Authority, hereby certify that the above and foregoing Bylaws were duly adopted as and for the

Bylaws of the Authority, such adoption and approval having been made by the ~~[unanimous]~~
~~[majority]~~ vote of the of the Board Members of the Authority, at a meeting duly called and held on
the _____ day of _____, 2006, at which a Quorum was at all times present. This certificate
given this _____ day of _____, 2006.

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Secretary

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